

Decision under Delegated Powers

Officer Making the Decision

Strategic Director of Environmental & Corporate Services

Recommendation

That the policy for the operation of the Business Grant Funds, created to support businesses during the November to December 2020 national lockdown and periods of local restrictions, be approved as set out at Appendix A.

Reason

To take action in relation to a matter which would otherwise have been submitted to Cabinet.

Authority for Decision

*Delegation of Executive functions*_- (Section 8.3 of the Constitution states that the Chief Executive, Strategic Directors and Heads of Service can take such action as is required in the case of an emergency or urgency subject to:

- (i) consultation with the Leader (or, in the Leader's absence, the Deputy Leaders);
- (ii) consultation with the Chief Executive and relevant Strategic Directors in each case; and
- (iii) a report on the action taken being made to the next meeting of the Cabinet.

Decision and Date



18 November 2020

Background

Following a surge in Coronavirus infections in autumn 2020, the government announced a suite of Business Grants to support businesses during the November to December 2020 national lockdown and periods of local restrictions. These Grants are summarised below:

Local Restrictions Support Grant (Closed) – Original Scheme

This Grant is for businesses that were required to close under Local Covid Alert Level 'Very High' restrictions (LCAL 3). The Grant is targeted at businesses that were open as usual and providing in-person services to customers from their business premises and then required to close for a consecutive period of no less than 14 days as a result of regulations made, such as pubs, restaurants and non-essential retail businesses.

LCAL 3 has been superseded by the National Lockdown imposed from 5 November 2020. This Grant has not so far been generally applicable to businesses in Charnwood as the Borough has not, to date, been the subject of 'Very High' restrictions. However, this Grant Scheme may become applicable should Charnwood be designated LCAL 3 following the cessation of the period of National Lockdown. In this case the Scheme, which has no discretionary element], would be administered in accordance with the extant guidance.

National Restrictions Support Grant (Closed)

An Addendum to the Closed Scheme guidance provides conditions that supersede the original Closed Scheme and, in effect, introduces equivalent payments to businesses that have to close in the period of National Lockdown.

Businesses that are eligible for this Grant (*National Restriction Closed*) are those that have been mandated to close by Government and include non-essential retail, leisure, personal care, sports facilities and hospitality businesses.

Grant payments are prescribed on a sliding scale based on the rateable value of property occupied as follows:

- Businesses occupying hereditaments appearing on the local rating list with a rateable value of exactly £15,000 or under on the date of the commencement of the widespread national restrictions will receive a payment of £1,334 per 28-day qualifying restriction period
- Businesses occupying hereditaments appearing on the local rating list with a rateable value over £15,000 and less than £51,000 on the date of the commencement of the widespread national restrictions will receive a payment of £2,000 per 28-day qualifying restriction period.

- Businesses occupying hereditaments appearing on the local rating list with a rateable value of exactly £51,000 or above on the commencement date of the widespread national restrictions, will receive £3,000 per 28-day qualifying restriction period.

There is no discretionary element to this scheme.

The Government will fund this Scheme in full, topping up original local authority allocations if required.

Additional Restrictions Grant

The Addition Restrictions Grant (*ARG*) is discretionary in nature. Under the ARG, local authorities will receive a one-off lump sum payment amounting to £20 per head of population (representing £3.7m for Charnwood) when LCAL 3 or widespread national restrictions are imposed. Local authorities can use this funding for business support activities which the Government envisage will primarily take the form of discretionary grants, but could also be used for wider business support activities.

The Scheme commenced from 14 October 2020 and applies from when LCAL 3 or National Lockdown restrictions apply; the latter is the case for Charnwood giving an effective commencement date for the Scheme of 5 November 2020.

The ARG funding can be used across Financial Years 2020/21 and 2021/22. It seems highly likely from the guidance available at this date that no additional ARG funding over and above the initial £3.7m allocation will be available.

Based on feedback from local businesses to the effect that businesses would prefer to receive cash as soon as possible, rather than in a more graduated way, the policy for the operation of the Business Grant Funds will address the initial distribution of ARG which is intended to disburse 75% of the Charnwood allocation (ie. approximately £2.7m).

Local Restrictions Support Grant (Open)

This Grant (*LRSO Open*) targets businesses that were still open but severely impacted by Local Covid Alert Level 'High' (LCAL 2) and 'Very High' (LCAL 3) restrictions. This strand of support was announced 22 October 2020 to help kickstart recovery for businesses that are not legally required to close. This Grant is retrospective, applying from 1 August 2020, but ceased to apply when the National Lockdown commenced. In the case of Charnwood this Grant applied immediately prior to the National Lockdown and covered the period 30 October to 4 November 2020 inclusive.

Local Authorities will receive funding based on the number of hospitality, hotel, bed & breakfast and leisure businesses there are in their area. Funding is calculated on a guideline award for these businesses plus a 5% top-up, reflecting a recognition that businesses not falling within the above definitions

will also be severely impacted. However, whilst the Government would expect the funding to be targeted at hospitality, hotel, bed & breakfast and leisure businesses, local authorities have the freedom to determine the precise eligibility criteria for these grants.

Given the short time period for which this Grant Scheme applied, it is intended that the Charnwood allocation will be distributed with the initial tranche of ARG funding.

Local Restrictions Support Grant (Sector)

This Grant (*LRSB Sector*) is intended to support businesses – nightclubs and similar - that have been required to close nationally since 23 March 2020 in all 314 business rate billing local authorities. The Grant applies only from 1 November 2020 and is not retrospective.

Grants are payable as follows:

- Businesses occupying hereditaments appearing on the local rating list with a rateable value of exactly £15,000 or under on the date of the commencement of the national restrictions will receive a payment of £667 per 14-day qualifying restriction period
- Businesses occupying hereditaments appearing on the local rating list with a rateable value over £15,000 and less than £51,000 on the date of the commencement of the national restrictions will receive a payment of £1,000 per 14-day qualifying restriction period.
- Businesses occupying hereditaments appearing on the local rating list with a rateable value of exactly £51,000 or above on the commencement date of the national restrictions will receive a payment of £1,500 per 14-day qualifying restriction period.

Subject to State aid limits, businesses will be entitled to receive a grant for each eligible hereditament per 14-day period of national restrictions that require them to close from 1 November 2020. Businesses may receive more than one grant where they have more than one eligible hereditament

The Government will fund this Scheme in full, topping up original local authority allocations if required.

Grant administration process

There are very few businesses in Charnwood which qualify for the LRSB Sector Grant and the grant payments will be managed by making direct contact with these businesses.

As a result of the consultation it is concluded that the recommendation of this report is both necessary and urgent.

Risk Management

There are unavoidable inherent risks within the discretionary elements within these Grant schemes around the prioritisation of different business sectors and the rationing of grant payments (hence it is inevitable that there will be disappointed applicants) but there are no specific risks associated with this decision.

Key Decision:	Yes
Date included on Forward Plan	Special Urgency Notice and exemption from Call In approved by the Chair of Scrutiny Commission on 16 November 2020
Background Papers:	None
Appendix A	Charnwood Business Grants (November 2020) policy
Appendix B	Assessment and scoring matrix

APPENDIX A

CHARNWOOD BOROUGH COUNCIL **BUSINESS GRANT SUPPORT POLICY**

1. Background to Business Grants

- 1.1 The Covid-19 pandemic is unprecedented and has had an immediate and significant impact on the borough of Charnwood. On Wednesday 28 October 2020, the Government announced that in order to curb rising infection rates, Charnwood Borough had been placed into a High alert level (Tier 2) which came into force on Friday 30 October 2020. This meant that support became available for businesses in the hospitality, hotel, bed & breakfast and leisure sector that remained open but were significantly impacted by the Tier 2 restrictions.
- 1.2 Furthermore, in response to the increasing infection rate recently experienced across the nation as a result of Coronavirus Pandemic a 28-day national lockdown came into force as of 00:01 on the 5th November and will be in place until the 2nd December.
- 1.3 As a result, the Government has now provided guidance and funding for several grants, which the Council is administering, covering different time periods and different business sectors as follows:

Time Period	Name of Fund	Description
30 Oct 2020 to 04 Nov 2020	Local Restrictions Support Grant (Open)	Support for businesses in the hospitality, hotel, bed & breakfast and leisure sectors that have remained open under Tier 2 restrictions of up to £2,100 for 4 weeks
01 Nov 2020 to 04 Nov 2020	Local Restrictions Support Grant (Sector)	Support for businesses that were required to close in March 2020, and which have never been able to re-open (for example nightclubs) of up to £3,000 for 4 weeks.
05 Nov 2020 to 02 Dec 2020	National Restrictions Support Grant (Closed)	Support for businesses that have legally been forced to close under the conditions of the national lockdown of up to £3,000 for 4 weeks
05 Nov 2020 - onwards	Additional Restrictions Grant	Support for businesses affected by reduced trading conditions experienced during national lockdown. Focusing on the hospitality, accommodation, beauty and leisure sectors, and non-essential retail.

Not yet invoked	Local Restrictions Support Grant (Closed)	Support for businesses in the hospitality, accommodation, beauty and leisure sectors that have legally been forced to close under Tier 3 restrictions of up to £3,000 for 4 weeks
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1.4 Details are of the grants are set out below:

1.5 **Local Restrictions Support Grant (Open)** - for hospitality, accommodation and leisure businesses that could remain open under Tier 2 and Tier 3 restrictions but are significantly affected

An eligible business may receive a payment for each 28-day period for as long as Tier 2 or Tier 3 restriction are in place.

If the eligible business occupies a property with a rateable value (RV) as follows:

- RV less than £15,000 – Grant of up to £934 per 28-day period
- RV is between £15,000 and less than £51,000 – Grant of up to £1,400 per 28-day period
- RV is over £51,000 - Grant of up to £2,100 per 28-day period

If the applicable period for the grant is less than 28 days, the Council reserves the right to pro-rata the grant accordingly

1.6 **Local Restrictions Support Grant (Closed)** - for businesses forced to close due to COVID restrictions under Tier 3 or national lockdown conditions

If the eligible business occupies a property with a rateable value as follows:

- RV of less than £15,000 - Grant of £667 for each 14-day period the business is closed in the qualifying restriction period.
- RV of between £15,000 and less than £51,000, Grant of £1000 for each 14-day period the business is closed in the qualifying restriction period
- RV of £51,000 or above - Grant of £1,500 for each 14-day period the business is closed in the qualifying restriction period

Grants will be based on the rateable value of the property on the first full day of local lockdown restrictions.

Grants will be paid every 28 days under the conditions of a national lockdown, and every 14 days under localised tier 3 conditions. If the applicable period for the grant is different the value of the award will be pro-rata'd accordingly.

1.7 Local Restrictions Support Grant (Sector) - businesses that were required to close in March 2020, and which have never been able to re-open (for example nightclubs)

If the eligible business occupies a property with a rateable value as follows:

- RV of less than £15,000 - Grant of £667 for each 14-day period the business is closed in the qualifying restriction period.
- RV of between £15,000 and less than £51,000, Grant of £1000 for each 14-day period the business is closed in the qualifying restriction period
- RV of £51,000 or above - Grant of £1,500 for each 14-day period the business is closed in the qualifying restriction period

Grants will be based on the rateable value of the property on the first full day of local lockdown restrictions.

Grants will be paid every 28 days under the conditions of a national lockdown, and every 14 days under localised tier 3 conditions. If the applicable period for the grant is different the value of the award will be pro-rata'd accordingly.

There is no back-dating of the scheme, with payments applicable from 1 November 2020. Businesses will be contacted directly by the Council if they meet the criteria for this scheme.

The Local Restrictions Support Grants (both Open and Closed) apply from when the Council is informed of its 'tier status' as a result of Covid. All grants are subject to sufficient government funding being made available and are capped at the respective funding levels.

1.8 The Additional Restrictions Grant Fund - Support for businesses affected by reduced trading conditions experienced during national lockdown and Tier 2 and Tier 3 restrictions. It will be up to Local authorities to develop discretionary grant schemes to help those businesses which – while not legally forced to close – are nonetheless severely impacted by the restrictions put in place to control the spread of Covid-19. This could include – for example – businesses which supply the retail, hospitality, and leisure sectors, or businesses in the events sector and those outside the business rates system, which are effectively forced to close – for example market traders.

2.0 Local Discretionary Support Grant (also known as Additional Restrictions Grant)

2.1 The grant fund for the Charnwood Borough area is being managed by Charnwood Borough Council, which is responsible for delivering grants to eligible businesses and charities. The Council must follow the

guidance set by the Government. The Council has authority to make these payments under Section 1 of the Localism Act 2011.

- 2.3 The Council has decided to set out the scope of the LDSG scheme on their website, providing clear guidance on which types of business are being prioritised, as well as the rationale for the level of grant to be provided.
- 2.4 The Government intends that this grant scheme widens access to support to businesses that are struggling to survive due to the latest shutdown or tier restrictions. Local authorities are asked to make payments as quickly as possible to support struggling businesses. Once applications have been received. Charnwood Borough Council will progress these payments as a matter of urgency but recognise the need to undertake a thorough assessment and appropriate due diligence before grants are paid.
- 2.5 Due to the very compressed timescales to meet these expectations of the Government and businesses, the Council has only been able to complete limited consultation with external partners on the development of this policy but has liaised fully with neighbouring local authorities to inform it. The Council has taken full account of the requirements of Government (as set out in the guidance received on the 3rd Nov 2020) and the issues and questions that have arisen locally and nationally through the delivery of previous grant schemes.

Potential applicants will be/are asked to note that:

1. Businesses that have already received grant payments that equal the maximum levels of State aid permitted under the de minimis and the Covid-19 Temporary State Aid Framework will not be eligible for this grant scheme (as identified in para 29 of the guidance). The Council does not have the discretion to vary this position
2. Grants under this scheme will be subject to tax in line with the applicant's tax arrangements. For businesses, the Government advises this is only where there is an overall profit for the tax year once this award is included.
3. Grants awarded under this scheme will not generally affect the Council's business ratings list or any rates charges payable by the recipient.
4. Notwithstanding this, any applicant who should in fact be added to the rates list will be, which may result in a rates bill.

3.0 Total funding available

- 3.1 The Government has allocated £3.71m towards this funding and that is to stretch to cover this lockdown period and any future potential lockdown periods or tier 2 and 3 restrictions. Due to this it is expected that a proportion of funding will be set aside to support businesses through any future lockdowns or tiered restrictions should they be put into place. It is expected this will be around 25% of the total allocation.
- 3.2 As per para 13 of the guidance Local Authorities can use this funding for business support activities. The Council envisages that this will primarily take the form of discretionary grants. However, the Council reserves the right to commit a proportion of this funding for wider business support activities should it be viewed that this would be of more benefit.
- 3.3 As is likely to be the case in the Charnwood area, over subscription to the funding available for this scheme will require local authorities to prioritise which types of businesses will receive funding, the Government states it will be at the local authority's discretion as to which types of business are most relevant to their local economy. There will be no penalty for local authorities because of their use of discretion to prioritise some business types.

4.0 Who may benefit from Charnwood's Local Discretionary Support Grant?

- 4.1 The Government suggests that local authorities may wish to consider collaborating as they design their discretionary schemes to ensure consistency where they are working across a functional economic area, notably here the Leicester and Leicestershire Local Enterprise Partnership (LLEP) area; and to ensure alignment and reduce duplication with any other local discretionary business grants that may have been established. The councils within the LLEP area are mindful of this suggestion, however the extent to which this can be achieved in practice will be limited by the significant time constraints and by local priorities.
- 4.2 As set out by the Government, the LDSG is to be primarily and predominantly allocated taking into consideration the following points.
- Ongoing fixed costs
 - The amount of staff they employ
 - Losses incurred as a result of lockdown
 - Ability to trade online during the lockdown period

- 4.3 National priorities - Nationally the Government's guidance has encouraged that this fund is used to help businesses that were not forced to close but severely impacted (e.g. suppliers to the retail, hospitality, leisure or events industry).

The LDSG is available both to eligible businesses that plan to continue operating and, in a different way, to those that are required to close for the period of these restrictions (at least four weeks).

- 4.4 Other eligibility criteria that must be met to be able to access this grant are that the business:

- Can't be insolvent
- Can't be in administration
- Can't have a striking off notice
- Must adhere to state aid requirements by receiving the funding

- 4.5 Charnwood Borough Council (CBC) wishes to support those businesses that adhere to the priorities as set out in section 4 and can demonstrate significant hardship is being experienced as a result of the recent lockdown. In order to assess against this CBC has set up an application process that applicants will be required to fill in. This will be explored further in section 5.

5. Application Process and Timescale

- 5.1 The Government recognises that local authorities will need to run some form of application process as the potential beneficiaries are highly unlikely to be known directly by the local authorities. Also, the Council must manage the process in a fair and equitable manner within the funding available.

- 5.2 In order to make this process as easy as possible for businesses the Council intends to run 1 application form for the LRSF and LDSG. Once received the Council will then assess which grant businesses are eligible and allocate the funding this way.

The Council invites applications via its website www.charnwood.gov.uk

Any applicant who is unable to apply via the website should contact DFG@charnwood.gov.uk to request support in completing an application

5.3 Applications can be made from 19th Nov to midnight on 3rd December. Potential applicants should assume that this window will not be extended, although the Council reserves the right to do so.

5.4 The Council's website will set out the information required from applicants, which will be the minimum reasonably required to establish eligibility and enable a fair and equitable assessment of grant entitlement. Applicants will be asked to evidence or demonstrate the following:

- Compliance with the scheme eligibility requirements
- Ongoing fixed business-related costs
- Identification of the business and the person making the application
- Evidence of trading at 5 November 2020
- Evidence that the bank account into which any grant will be paid properly relates to the business, charity, etc.

Depending on the status of the applicant, applicants may also be asked to demonstrate:

- A significant fall in income due to the COVID-19 crisis
- Number of jobs directly supported by the business or charity
- Whether any other grants or financial support has been received

5.5 The Council will individually assess and validate applications as they are received and may request further information should it be required. The pre-payment checks will include confirming eligibility, checks against Companies House and other government websites.

5.6 Applicants would also be asked to confirm that by accepting payments they are in compliance with State Aid rules, that to the best of their knowledge they are eligible for the scheme, and acknowledge that the council reserves the right to recover any funding made in error or as the result of misleading information being submitted and that they are happy for their information to be stored in adherence to the relevant GDPR regulations. The Council's website will require applicants to confirm acceptance of various compliance statements through tick boxes.

5.7 The Council will undertake written post payment assurance around compliance, in particular State Aid as per the request set out in the guidance provided by national government for post payment monitoring and reporting

- 5.8 There is no right to appeal, and the decision of the Council is final. The Council's interpretation of this document is at its own discretion and it will be the final arbiter of the definitions contained within this policy.
- 5.9 The Local Discretionary Support Grant Scheme applies initially for a 28-day period. If the lockdown arrangements are extended or tiered restrictions are imposed, and additional Government funding is made available, further consideration will be given as to how the funds will be distributed for example further tranches of the scheme.

6.0 How will the value of grants be calculated?

6.1 The Government guidance states that in taking decisions on the appropriate level of grant, local authorities may want to consider the level of:

- Fixed costs faced by the business in question,
- The number of employees,
- Whether businesses have had to cease trading and are unable to trade online
- The consequent scale of impact of this lockdown on income

6.2 The Council has considered this statement and has developed an application process and assessment criteria that take these considerations into account.

In addition, Charnwood Borough Council will also consider:

- Independent locally owned businesses with a longstanding commitment to Charnwood
- Any previous grant or financial support businesses may have already received during the pandemic

6.3 Charnwood Borough Council has determined that the value of any grants awarded will be in the following bandings:

- £1,000
- £2,500
- £5,000
- £10,000
- £20,000

The value of the grant awarded will be dependent on the outcome of the scoring of the application against the criteria as set out in 6.1 and 6.2. The value of the grant awards may be pro rata'd should the

qualifying number of applications exceed the funding pot available.

- 6.4 As allowed within the guidance, the Council reserves the right to award a higher level of funding to support larger businesses that are important to our local economy. This allocation will be determined on a case by case basis.
- 6.5 The emphasis of this fund will be on making meaningful payments to those in significant need, rather than paying as many businesses as possible small amounts. Due to this, grants will be determined on a case by case basis following careful consideration of the information provided. Therefore, an application to this grant scheme does not guarantee that a grant will be received.
- 6.6 We reserve the right to modify and/or withdraw each grant award and its associated conditions, particularly to ensure that public money is spent well. This may be in response to changes in national legislation, local economic and health conditions and changes in funding circumstances. Any payments made outside of the payment cycles will be pro-rata'd accordingly.

7.0 Managing the Risk of Fraud

- 7.1 The Council and the Government will not accept deliberate manipulation and fraud. Any business or person caught falsifying their records or the information submitted to gain a grant award will face prosecution and any funding issued will be subject to clawback, as may any grants paid in error.
- 7.2 The Government's grants management and counter fraud functions will provide local authorities with access to 'Spotlight', a digital assurance tool. This tool will also assist the Council with pre and post payments assurance, including identification of high-risk payments. There will also be joint working across councils and government departments in preventing fraud.
- 7.3 The Council also reserves the right to use any details submitted by businesses to check against national records and databases to highlight any potentially fraudulent activity.

8. Policy Review

- 8.1 This policy has been written in line with Government guidance. It will be subject to dynamic review as circumstances dictate and in line with future clarifications and changes that may be announced by the Government.

Strategic Director of Environmental & Corporate Services

Charnwood Borough Council

November 2020

APPENDIX B

CHARNWOOD ADDITIONAL RESTRICTIONS GRANT: SCORING MATRICES & GRANT ALLOCATIONS v.1.0.

Grants in the following categories are awarded based on eligibility, and then calculated according to algorithm set out within the policy, as follows:

Score	0	1	2	3	4
<p>Maintain and support employment in Charnwood</p> <p>Each owner / director and full-time jobs counts as ONE; each part-time job counts as HALF</p>		Jobs supported: 2 or fewer jobs	Jobs supported: 2.5 – 10 jobs	Jobs supported: 10.5 – 20 jobs	Jobs supported: Above 20 jobs
<p>Have relatively high on-going fixed costs</p> <p>Include things such as overheads, insurance etc..</p>	Ongoing fixed business costs £0 - £999	Ongoing fixed business costs £1,000 - £10,000	Ongoing Fixed business costs £10,001 - £25,000	Ongoing Fixed business costs £25,001 - £51,000	Ongoing Fixed business costs £51,000+
<p>Can demonstrate that they have suffered a significant fall in income due to the COVID-19 crisis</p> <p>Assess based on self-certification and understanding of the business</p> <p>Consider whether business could mitigate CV19 losses via – e.g – home working (Examples where we would not generally expect significant impact include professional services such as accountants, lawyers, etc, or where we think businesses could / should have operated effectively on-line)</p>	No income loss to business	Some loss of income due to CV19 appears likely: 0-25% loss	Significant loss of income due to CV19 appears likely: 26 - 50% loss	Major loss of income due to CV19 appears likely 51-75% loss	Total loss of income due to CV19 appears likely 76 -100% loss

Score	0	1	2	3	4
Independent locally owned businesses/charities with a commitment to Charnwood Actual base of operations is deciding factor; registered offices may be ignored if essentially just a post box for statutory services	Not an independent locally owned business/charity	Independent, locally owned business/charity based within Charnwood			
Online Trading Does the business solely trade online, have a mixed model or only offer in person services		Online business model	Mixed business model (online and face to face)	Business only offers in person services	
Has the business received any previous business grants or financial support? May have received previous business grants or loans – furlough or SEISS are disregarded for this purpose	Yes, previous grant or financial support received	No previous support received			

Grant allocations:	
Score 16 – 18	Standard award of £20,000 (No restriction possible)
Score 14 – 15	Base award of £10,000 Restrict pro rata if number qualifying result in funding pot being exceeded
Score 11 - 13	Base award of £5,000 Restrict pro rata if number qualifying result in funding pot being exceeded
Score 8 – 10	Base award £2,500 Restrict pro rata if number qualifying result in funding pot being exceeded
Score 6 -7	Base award £1,000 Restrict pro rata if number qualifying result in funding pot being exceeded
Score 0 – 5	No award